

# The Link

A Value Chain Approach to Doing Business in Africa



**USAID**  
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**COMPETE**  
The Competitiveness and Trade Expansion Program

The Newsletter of the USAID Competitiveness and Trade Expansion Program (COMPETE)

## Kenya's Border Agencies Agree to Conduct Joint Inspections at Border Crossing

Volume 1, Issue 8  
July/August '10

Transaction costs in East Africa are high and account for up to 40 percent of the value of goods. This can be attributed to uncoordinated trade facilitation procedures, onerous documentation requirements and excessive charges imposed along the transport logistics chain from origin to destination. In a landmark move, USAID COMPETE recently facilitated the signing of a memorandum of understanding (MOU) at the borders of Malaba, Busia and Nanyang, border crossing that account for roughly 90% of transit through Kenya. The MOU commits ten previously unaligned agencies toward joint inspection/verification of cargo. Joint inspections will speed up the customs clearance process and greatly improve transit times along the Northern Corridor.

International trade borders each carry out their own inspections and levy their own charges without any coordination. There are as many as 10 agencies operating on one side of a border. These border agencies include: customs, bureaus of standards, plant health, port health, police, immigration, security, municipal and town councils, among others. Each agency is accountable only to itself with no agreed service delivery standards or lead agency to coordinate. Additionally, there is a lack of transparency in all service deliveries and charges.

The joint inspections MOU was a result of high level sensitization and training workshops organized and facilitated by USAID COMPETE. The workshops were attended by a

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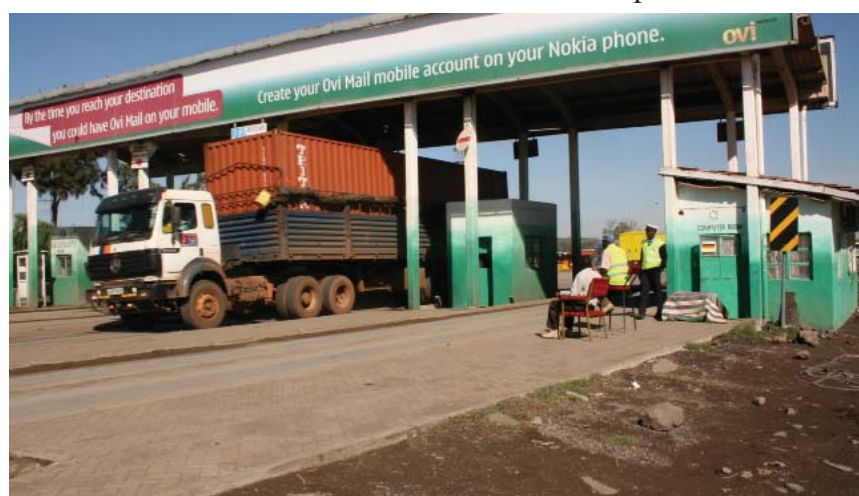
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Malaba border crossing

USAID Photo

The high cost of transaction in East Africa is largely due to uncoordinated management at borders. The numerous agencies that operate in-

total of 164 participants, 35 of whom were women. The objective of these workshops was to train and sensitize border agencies on the need, benefits

*"We see regional economic integration as key to improving the global competitiveness of the private sector and attracting increased investment."*

Stephen Walls  
Chief of Party  
USAID COMPETE

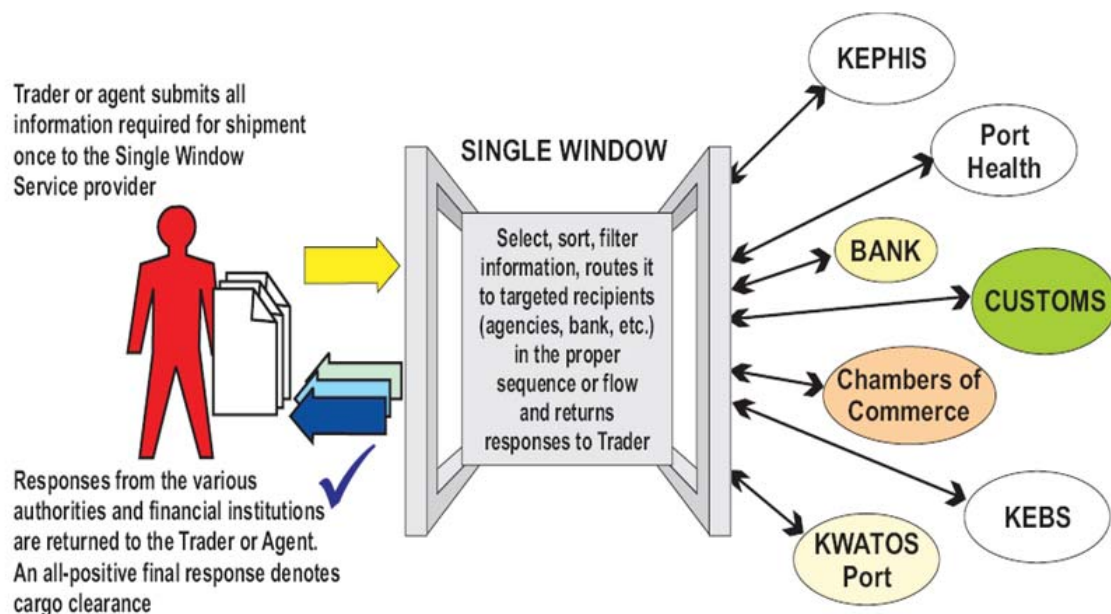
## Kenya's Border Agencies Agree to Conduct Joint Inspections at Border Crossing

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and importance of coordinated and joint border operations. After attending presentations by USAID COMPETE partners, including: Kenya National Single Window Project team, the regional Seamless Transport Committee, the Northern Corridor secretariat (TTCANC), the Kenya Transport Association (KTA), the Kenya Shippers Council (KSC) and the Federation of East Africa Freight Forwarders Association (FEAFA), border agents understood the weaknesses in the current system and

Management (IBM) operations or One Stop Border Post (OSBP) operations, but these solutions are complex and difficult to implement. They require multi-layered negotiations across agencies within one country and across countries. The process could take years. Because of this complexity, USAID COMPETE decided to implement the more immediate solution of joint verifications/inspections by all border agencies on one side of a border. Under this plan, all border agencies would follow the

delivery standards. The creation of these service charters will include private sector input from clearing and forwarding agents, the region's traders and transporters. Throughout the months of August and September, USAID COMPETE will work with border agency customs advisors to streamline procedures and draft service delivery charters that commit border agencies to performance standards. Actual joint inspections based on the new charters will commence in September.



wanted to work toward change. The result is an MOU that will lead to significant savings on time and cost, and will reduce the number of procedures required to trade and move goods across borders. The overall gain would be enhanced competitiveness and greater regional trade.

Improvements to the customs clearance process can be achieved through the WTO/WCO recommended Single Window or Integrated Border

direction of one lead agency. In the case of Malaba, Busia and Namanga, USAID COMPETE recommends the Kenya Revenue Authority as lead agency. USAID COMPETE credits the effective partnership of key public and private sector institutions for the Malaba, Busia and Namanga joint inspections/verifications MOUs. The next step in the USAID COMPETE work plan is to create service charters that bind border agencies to performance benchmarks and service

Effective joint verifications/inspections will greatly reduce transit times across the Northern Corridor, and it will provide the needed organization and collaboration to fulfill the final step toward seamless transit and integrated border management. Says Mr Alex Kabuga, the head of the National Single Window Steering committee: "We expect the single window system to change the way business is done."

## An African Cheese Company Turns to the U.S. With help of U.S. trade initiative, Kenyan company aims for U.S. market

By Jeff Baron Staff Writer, America.Gov

Bureau of International Information Programs, U.S. Department of State. Web site: <http://www.america.gov>

New York — Brown's Cheeses is something of a multinational corporation on a tiny scale: It sells brie, mozzarella and other European-style cheeses made by East Africans, it's owned by a Kenyan couple of British descent, and their daughter and her American-born husband will start running the company this year.

Its ambitions are far-reaching, too, and brought Brown's Cheeses to New York this summer for the Fancy Food Show.

Andrew Stirling, the American, said his wife Delia's parents started the company in Limuru, Kenya, in the highlands north of Nairobi, almost by accident 30 years ago, the by-product of a craving. "They started making cheese out of their kitchen because they couldn't buy cheese that they liked, and started giving it as Christmas gifts," he said. "And those same people started requesting it and became their first customers."

David and Sue Brown expanded their cheese repertoire over the years, learning the craft by trial and error and on trips to Italy and France. "It's a small market, so you're very close to your customers," Stirling said. "You get a phone call if somebody gets a bad cheese. Fortunately, that doesn't happen very often anymore."

The Browns used milk from their small herd of about 20 cows and then supplemented it with cow's milk and goat's milk from hundreds of other small, sustainable family farms nearby. The cheeses are handmade and all natural, and they have a following among European and American expatriates in Kenya and Tanzania as well as among tour and safari companies that serve Brown's cheeses to their customers.

The Brown's cheese makers show off the awards they won at the East African Cheese Festival.

"Now we're looking for new markets," Stirling said.

Transporting cheese across the Atlantic is no small thing, but Stirling said the United States offers powerful incentives: a large market of cheese lovers and the African Growth and Opportunity Act (AGOA). Begun in 2000, AGOA is a U.S. government initiative that helps expand U.S.-African trade and investment, promotes free markets, stimulates economic growth and assists sub-Saharan Africa as it integrates into the global economy. At the food show, Brown's Cheeses was one of several African businesses featured at a booth for the Competitiveness and Trade Expansion Program (COMPETE), sponsored by the U.S. Agency for International Development (USAID).

"We can bring our cheese to the U.S. duty-free. That is a huge advantage for us," Stirling said. "Certainly, we have to balance that with the increased logistics costs of maintaining a cold chain from Nairobi, which is essentially on the equator, through Europe to the U.S. and then through customs in the U.S."

The logistical problems are not insurmountable, though: Stirling said Kenyan flower exporters have given him advice, and the air freight company that delivered an assortment of Brown's Cheeses for the New York show proved that it can do the job.

Curiosity might help generate interest among consumers, Stirling said: "We like to think that we have the best cheese in Africa, and we think a



Andrew Stirling's family-owned company is trying to crack the U.S. market with handmade, all-natural cheeses from Kenya.



## An African Cheese Company Turns to the U.S. With help of U.S. trade initiative, Kenyan company aims for U.S. market *Continued...*

lot of cheese shops would be interested in carrying a cheese from Africa, if it were available.” Response from buyers for North American retailers at the Fancy Food Show “has been very strong.”

Stirling said his in-laws are ready to retire from the cheese business and

concentrate on their other interests — Sue is an herbalist, David a painter — and he and Delia have worked in the cheese operation enough in years past to take it over. In the United States, he has been a product manager for an electronics company, and she has been a commercial real estate broker; now they can apply that busi-

ness experience to cheese.

Stirling said the prospect of growing a business of their own was exciting and “a great opportunity.” But he admitted to one sore point: “I do get some flak from my mother for moving 10,000 miles away.”

## African Women Entrepreneurs Honored at AGOA Forum Corporate Council on Africa hosts networking luncheon

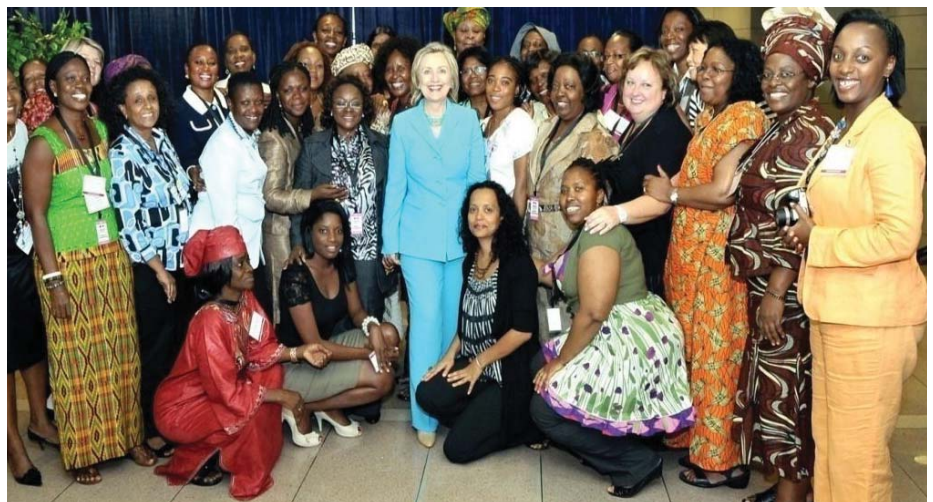
By Charles W. Corey Staff Writer, America.Gov

Bureau of International Information Programs, U.S. Department of State. Web site: <http://www.america.gov>

Washington — The Corporate Council on Africa (CCA) honored 34 African women entrepreneurs who were attending the ninth annual U.S.-Sub-Saharan Africa Trade and Economic Cooperation Forum — better known as the AGOA Forum, named for the African Growth and Opportunity Act — at a luncheon where they could interact with other business executives interested in expanding trade with Africa.

In an interview August 3 with America.gov, Steve Hayes, CCA’s president and CEO, called the African Women’s Entrepreneurship Program (AWEP) and its affiliation with AGOA “one of the more innovative programs of AGOA in many years. I think it is a very good first step that needs to be expanded to include more women.” He said CCA may be taking a more active role in promoting and training African women entrepreneurs as well.

Women entrepreneurs and small business “are far more important than we realize,” Hayes said. “I think that a lot of your top entrepreneurs in Africa are women — they are



*African women entrepreneurs meet with Hillary Clinton, AGOA Conference 2010*

the producers in Africa. This is an acknowledgement of finally recognizing that having African businesswomen’s participation is absolutely vital.”

Hayes was speaking as he surveyed the packed room at a Washington hotel where the women were talking business and networking with each other and with American business executives. One of those women, Munci Marie Dilu of the Democratic Republic of the Congo, who is managing director of Diluton Continental Foods, said the AWEP program puts

African women entrepreneurs together with each other and with U.S. counterparts and the U.S. government. She called the program, sponsored by the U.S. State Department, “very informative, and very interesting.”

Dilu, who buys and sells African coffee and food products, is looking at ways to use modern technology to improve the quality of her products and find new trading opportunities in the United States.

“How to improve the quality of food

## African Women Entrepreneurs Honored at AGOA Forum Corporate Council on Africa hosts networking luncheon

*Continued...*

is very important because we are behind in Africa. We want to take back some benefits from this program so that we can exchange knowledge with Americans who are farther along in agribusiness.”

Dilu was confident that many Americans, and especially African Americans in the United States, would enjoy some of her company’s ethnic foods and exotic spices. Conversely, she said she would also like to import U.S. foods into Africa. One big hurdle all entrepreneurs face in Africa as elsewhere, she said, is access to financing.

Another entrepreneur, Flotea Geoffrey Massawe, founder and managing director of the Marvelous Flotea Company Ltd., said the forum has provided her with a lot of new information about how to run a business. With the AWEF program, she said, women are now “far more involved” in learning how to succeed in business. “We are connected and we are linked” to people with the information and technology and training that women entrepreneurs need.

“I have a big chance now of growing my business in terms of buying and selling more” with the American market, she said. Massawe’s business produces creative items out of textiles, such as necklaces and jewelry.

Mary Anyango Otiang, managing director of Solomar Investment in Kenya, said she wants to learn how to export fresh fruits and vegetables to the United States, much like she does right now to Europe and the Middle

East. “There are so many things about AGOA that I did not know. ... It has taught me a lot.”



*Fairwinds Trading – Tanzanian craft women stitching the ‘Marvelous Flotea’ clutch*

Otiang is looking for a U.S. partner to invest with her and said a direct flight from Kenya to the United States would greatly help aid the flow of goods between both countries. Overall, she lamented that “there is a weakness of knowledge about AGOA” in Africa that needs to be corrected. “It was accidental that I learned about AGOA when I went to the U.S. Agency for International Development (USAID). Ninety-nine percent of the SMEs [small and medium-sized enterprises] do not know about AGOA.”

Assitan Keita Simpara of Mali told America.gov that the AWEF program has been “extremely important. I was especially impressed to learn just how much the U.S. government is doing to bring new business to Africa.” Speaking through an interpreter, Simpara, who is general manager and owner of Kissima Industry, said she is confident that her business will be able to export some goods to the United States. “I am working with a wild fruit in my country to produce different cosmetic products such as shampoo, skin creams and other products of that nature.”

Habibatu Sidi Taleb Ahmed, the founder of Habibatu Enterprises in Mauritania, said she is hoping to export her tie-dyed cloth and accessories to the United States. Ahmed said she has met a lot of people who want to do business with her, but like other women entrepreneurs, she also suffers from a lack of financing. She remains “very optimistic” nonetheless.

Sonia Soutonnoma Nikiema of Burkina Faso said she sees AGOA as an opportunity to do business in the United States. A founding member of the Burkinabe Association for the Promotion of Young Girls (ABJPF), Nikiema said her business hopes to export shea butter to the United States for use in cosmetics, food products such as chocolate, and soap. Her business is currently exporting to Europe, but wants to expand into the United States. “We have a lot of capacity, with 4,500 women who can produce shea butter.”

Heidi Ilse Van Hase, owner and creative director of Casa Anin in Namibia, said her textile and linen business will have to build capacity if it wants to export to the United States



## African Women Entrepreneurs Honored at AGOA Forum Corporate Council on Africa hosts networking luncheon

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under AGOA. "There are very many useful contacts that we have learned about in our program," she said, expressing her hope that this information will help in marketing goods as niche products. "Women have been in business for centuries on a very small scale. ...

Now women are becoming stronger and stronger in small enterprises and SMEs, and our governments are re-

alizing that women in business are a very good proposition," she said. When she goes home, she said, "I see it as my mission to concentrate some of my attention [on women in business] and promote AGOA to the businesses that could qualify for export."

From Washington, the 34 women entrepreneurs and the AGOA Forum moved to Kansas City, Missouri, for

two days of agribusiness networking August 5–6.

The African Growth and Opportunity Act (AGO) was enacted in its original form in 2000 to expand U.S.-sub-Saharan African trade by providing trade preferences to those countries that are making progress in implementing economic, legal and human rights reforms.

## Sound Policy Framework Needed to Support Growth of E-Commerce in East Africa

As East Africa whirls towards a consolidated regional market following the ratification of the East Africa Common Market protocol, experts are calling for the development of regional standards and regulations to create an enabling environment that will facilitate the growth of e-commerce in the region.

The Information Systems Audit and Control Association, ISACA, Kenya Chapter Chairman Roy Akalah said the growth of mobile banking and intense competition in the banking industry in Kenya and East Africa at large has created a growing need to ensure systems are reined in by controls that meet business objectives.

"Everyone is aware of the need for information security in today's highly networked business environment. Information is arguably among an enterprise's most valuable assets, so its protection from predators from both within and outside has taken centre stage as an



*USAID COMPETE's Esther Kadondi speaks on the importance of COBIT and ISO standards for regional e-commerce*

IT priority," said Mr. Akalah.

"In addition, information assurance is the bedrock upon which enterprise decision-making is built. Without assurance, enterprises cannot feel certain that the information upon which they base their mission-critical decisions is reliable, confidential, secure and available when needed. Hence, the need to establish harmonized regional standards and regulations for the operation of e-commerce services in the region," he added.

Mr. Akalah was addressing journalists at a Nairobi hotel ahead of the two day ISACA Kenya Chapter E-commerce Conference scheduled to take place between 13th and 14th September 2010 at the Kenya School of Monetary Studies.

The conference will help experts to understand the nature of e-commerce models, risks and threats in this new industry, and to evaluate mitigating strategies and build

## Sound Policy Framework Needed to Support Growth of E-Commerce in East Africa

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relevant governance frameworks around e-commerce for the region.

“It is important for the industry to understand the risks and effects of this new phenomenon that is rapidly becoming the core of the East African economy as more people embrace e-transactions. Unlike more developed economies, these technologies are actually leapfrogging older technologies and creating challenges unseen elsewhere in the world,” said Mr. Akalah.

Speaking at the same event, Security Risk Solutions Ltd. Director Jona Owitti added: “It is important

for key stakeholders to understand the various strategies to mitigate these risks while at the same time implementing recognized governance models. We believe the conference will provide the right forum for such crucial deliberations and strengthen the e-commerce economy to take East Africa to the next level.”

The conference will bring together key stakeholders including banks, mobile operators and regulators – into an open forum to discuss the underlying threats and opportunities of e-commerce. The conference is being organized with

support from the USAID Competitiveness and Trade Expansion Program (COMPETE) in partnership with the Kenya School of Monetary Studies. USAID COMPETE is working with ISACA to promote regional standards for e-commerce including adoption of COBIT, ISACA’s best practices for IT management, and ISO 27002 standards for IT governance and information security management within the EAC. In addition, ISACA Kenya has collaborated with key information security experts from around the world and the region to provide possible solutions to these problems.

## EastAfricanCorridors.org Website Launched

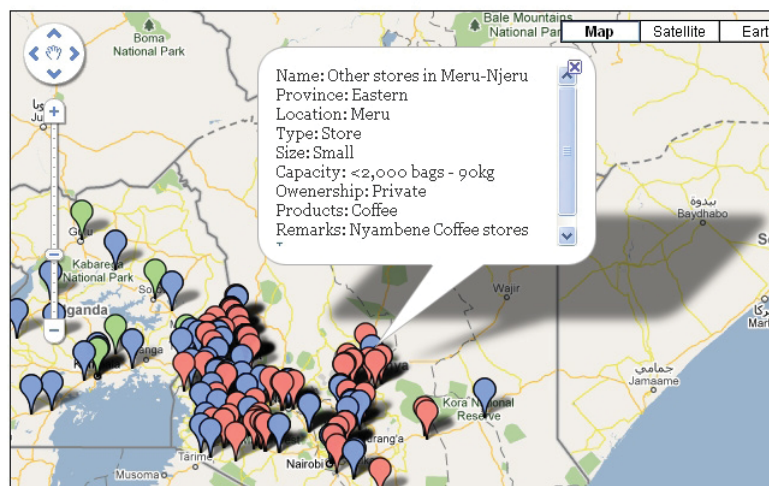


Mapping Grain Storage Facilities in East Africa

Filters:

Ownership: <input type="button" value="Government"/>	<input type="button" value="Filter"/>	Province: <input type="button" value="Nairobi"/>	<input type="button" value="Filter"/>
Location/Town: <input type="button" value="Meru"/>	<input type="button" value="Filter"/>	Product: <input type="button" value="Maize"/>	<input type="button" value="Filter"/>

Click on a bubble to get details about the storage facility.



EastAfricanCorridors.org is a new website that offers a wealth of information on transit studies and projects on the Northern and Central transit corridors. One of USAID COMPETE’s contributions to the site can be found in the Food Security section. COMPETE is taking the lead in mapping grain storage facilities in East Africa.

Currently the map shows storage facilities in Kenya and Uganda; Tanzanian facilities will be added in the coming months. The food security information on eastafrican corridors.org is being linked to the Regional Agricultural Trade Intelligence Network (RATIN) at [www.ratin.net](http://www.ratin.net).

USAID COMPETE  
123 Gardenia Road  
Off Magnolia Close, Gigiri  
P.O. Box 1555 - 00606  
Nairobi, Kenya

Phone: +254-719-032-000  
Fax: +254-719-032-271  
Email: [info@competeafrica.org](mailto:info@competeafrica.org)

**The Link** is the newsletter of the USAID Competitiveness and Trade Expansion Program and the East and Central African Trade Hub.

USAID COMPETE works to:

- Reduce barriers to trade
- Enhance the competitiveness of selected value chains including staple foods
- Promote investment and trade between the U.S. and East and Central Africa

For more information about COMPETE, visit our website, [www.competeafrica.org](http://www.competeafrica.org) or

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## Events Calendar

Date	Event	Venue	Find Out More
2010			
2 - 6 August	9th AGOA Forum	Washington, DC and Kansas City, MO	
12 August	ISACA - Strengthening E-Commerce for Regional Growth Press Conference for Event on 13 September	Nairobi Safari Club Nairobi, Kenya	<a href="http://isaca.or.ke/">http://isaca.or.ke/</a>
15 - 18 August	MAGIC Apparel Trade Show	Las Vegas, NV	<a href="http://www.magiconline.com">www.magiconline.com</a>
18 - 20 August	AGMARK activities with Agro dealers along Kenya/Uganda border	Kisumu, Busia, Bungoma and Kakamega - KENYA	
18 August	Kenya Transport Association Director's Seminar	Mombasa, Kenya	
19 August	Site Visit to Insta Products	Athi River EPZ, Kenya	
25 August	Using GIS to Map Food Security - Briefing from ReSAKSS/ILRI	Nairobi, Kenya	
6-10 September	African Agricultural Markets Program & IFPRI: Agricultural Risk Management in Africa: What Has and Hasn't Worked	Lilongwe, Malawi	
13-14 September	ISACA - Strengthening E-Commerce for Regional Growth	Kenya School of Monetary Studies Nairobi, Kenya	<a href="http://isaca.or.ke/">http://isaca.or.ke/</a>
22-24 September	Maize Quality Standards - Training of Trainers	Nairobi, Kenya	